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WORLD LARD PRODUCTION AND TRADE

World lard production in 1967 in the major producing countries was estimated at 7,720 million pounds--up 3.3 percent from the 7,470 million produced in 1966 and 5.8 percent from the 1961-65 annual average of 7,300 million.

The United States, Canada, Japan, Yugoslavia, and European Economic Community (EEC) accounted for most of the gain over 1966. Lard production in all these areas except the United States showed larger percentage increases than those for pork, indicating heavier market weights and closer trimming of wholesale cuts. The smaller percentage gain in lard production compared with pork production in the United States is indicative of the downward trend in average yields per animal and slaughtering at lighter weights. A study completed in March 1968 showed that 49 percent of hogs slaughtered in the United States graded U.S. No. 1, compared with 33 percent 7 years ago.

Lard production in North America was up almost 8 percent. All countries in this region showed substantial increases from the previous year. Production in the United States totaled 2,077 million pounds, compared with 1,929 million produced in 1966. Production in Canada was up 19 percent and in Mexico, 4 percent.

European lard production was estimated at 2,680 million pounds, compared with 2,620 million for 1966. The EEC and Spain accounted for the increase in Western Europe, while gains in Yugoslavia and East Germany offset declines in other countries of Eastern Europe.

Japan accounted for most of the gain in Asia. Production in both Africa and South America showed no change from that of the previous year.

World lard production for 1968 is expected to show a slight increase over 1967. The absolute gain in the EEC resulting from an expected rise in hog slaughter may offset the small decline expected in the United States. Continued recovery in production from the 1966 low is expected to occur in

Eastern European countries but may be offset by the smaller production in the USSR. The large hog slaughter in the USSR during 1967 reduced numbers on farms at the beginning of 1968, and it is unlikely that either pork or lard production will attain the previous year's level.

Trade

Lard exports from the major producing countries last year turned upward after declining for 3 consecutive years. Total shipments amounted to 683 million pounds, compared with 668 million in 1966 and the previous high of 1,043 million in 1964. Larger exports from the United States, France, the Netherlands, Belgium, West Germany, and Romania accounted for the gain and more than offset smaller shipments from Poland, Bulgaria, Denmark, and Sweden.

The United States continues to be the world's largest exporter of lard. Exports last year, at 189 million pounds, recovered somewhat from the 1966 low of 158 million pounds but were still only two-fifths of the 1961-65 annual average of 462 million.

U.S. Fails to Regain Market Share. Although the U.S. percentage share of world exports rose from 24 percent in 1966 to 28 percent in 1967, it was still substantially below the 55 percent for the 1961-65 period. Continued weakening of an already depressed world lard price caused by ever-growing supplies of lower priced competitive vegetable and marine oils and other animal fats, plus the EEC's lard export subsidy, prevented the United States from recapturing its normal share of the world lard market. The drop in the U.S. price for lard to 5-6 cents per pound from about 8 cents for June 1967 did not result in a significant increase in exports. Current prices are the lowest since 1940. Some normal seasonal price strengthening in the United States could develop later this summer and in early fall owing to its favorable competitive position with other oils in the domestic manufacture of shortening. Any increase in price will be tempered by large world supplies.

EEC lard exports rose to 244 million pounds from 228 million in 1966, representing almost 36 percent of the total world exports compared with 34 percent during 1967. The rise in EEC shipments can be attributed primarily to its export subsidy. The unified export subsidy on lard--which came into effect on July 1, 1967, under the single market for pork--was equivalent to 2.72 cents per pound. This rate has been increased three times since that date and is currently 3.35 U.S. cents. A further increase is expected in late August of this year following the probable change in import levies on August 1. Even though the EEC has increased the export subsidy, its exports have reportedly declined slightly from the preceding year's level.

Lard exports in 1967 from Eastern Europe--Bulgaria, Poland, and Romania--dropped to 112 million pounds from 136 million in 1966. The smaller exports from Bulgaria and Poland more than offset the larger shipments from Romania. The significant drop in Poland's exports last year to 35 million pounds from 60 million in 1966 was due to short domestic supplies, which required the importation of 32 million pounds, mainly from the USSR and West Germany. Soviet exports approximated the 76 million pounds shipped out in 1966.

World Imports Higher.--Lard imports by the world's principal importers totaled 801 million pounds in 1967, compared with 716 million in 1966. The United Kingdom continued to be the world's largest importer and accounted for 52 percent of the total during 1967. Cuba ranked second, followed by Hungary, Belgium, Poland, Czechoslovakia, Canada, and Yugoslavia. These eight countries accounted for 90 percent of total world lard imports last year.

U.K. imports rose to 414 million pounds from 409 million in 1966, reflecting the steady upward trend in demand for direct consumption. The demand for lard used in the manufacture of margarine and compound fats continues to decline and is being supplanted by lower priced substitutes. The use of lard in the manufacture of margarine and compound fats has actually declined from the 1964 high of 258 million pounds to 59 million in 1967 and no reversal of this trend is currently eminent.

The U.S. share of the British market has declined from the 1964 high of 89 percent to a low of 29 percent for 1966 and recovered slightly in 1967 to 39 percent. The EEC export subsidy and the lower-priced supplies from Romania and Poland prevented the United States from gaining its normal share of the British market even with abundant and reasonably priced supplies available for export.

Outlook for Trade.--World trade in lard during 1968 is expected to show a small gain over that for 1967. Price competition among the major producer-exporters is likely to be keener, especially with larger supplies forecast in Europe. Any successive increase in the EEC export subsidy will further depress the world price and will adversely affect previous trading patterns.

Table 1.--Lard: Estimated production for specified countries,
average 1961-65, annual 1965-67

Continent and country	Average 1961-65 Million pounds	1965 Million pounds	1966 Million pounds	1967 Million pounds
North America:				
Canada.....	127	122	114	136
United States.....	2,396	2,045	1,929	2,077
Mexico.....	131	135	139	144
Total North America 2/.....	2,680	2,330	2,210	2,380
South America:				
Argentina.....	58	70	74	71
Brazil.....	197	204	220	223
Chile.....	8	16	16	16
Colombia.....	14	12	13	13
Paraguay.....	7	8	9	---
Peru.....	14	14	14	15
Venezuela.....	10	10	10	10
Total South America 2/.....	320	350	370	370
Europe:				
Western:				
EEC:				
Belgium and Luxembourg.....	45	48	52	59
France.....	155	170	168	181
Germany, West.....	570	605	596	617
Italy.....	45	49	45	47
Netherlands.....	35	38	39	42
Total EEC.....	850	910	900	946
Austria.....	80	75	70	71
Denmark.....	80	88	87	88
Portugal.....	20	21	21	17
Spain.....	23	22	31	35
Sweden.....	15	14	13	13
Switzerland.....	20	21	21	22
United Kingdom.....	25	23	24	24
Total Western Europe 2/.....	1,110	1,200	1,190	1,240
Eastern:				
Bulgaria.....	68	85	81	80
Czechoslovakia.....	187	214	196	200
Germany, East.....	263	308	282	298
Hungary.....	156	169	161	158
Poland.....	489	529	548	530
Yugoslavia.....	162	218	158	171
Total Eastern Europe 2/.....	1,330	1,820	1,430	1,440
Total Europe 2/.....	2,440	3,020	2,620	2,680
USSR.....	1,560	1,700	1,820	1,820
Africa:				
South Africa, Republic of.....	19	19	23	21
Total Africa 2/.....	20	20	30	30
Asia:				
China, Taiwan.....	68	75	84	---
Japan.....	120	162	224	246
Philippines.....	83	96	105	112
Total Asia 2/.....	280	340	420	440
Total World 2/.....	7,300	7,760	7,470	7,720

1/ Preliminary. 2/ Includes an allowance for any missing data for countries shown and minor producing countries not shown.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign government, other foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research and related information.

June, 1968.

Table 2.--Lard: World exports, U.S. exports, and U.S. production,
average 1961-65, annual 1962-67

Year	Estimated	United States			
	world	Exports	Exports	Pro-	Exports as
	exports	as percent	of world	duction	percent of
		of world	exports		production
	Million	Million	Percent	Million	Percent
	pounds	pounds		pounds	
Average:					
1961-65.....	845	462	55	2,396	19
Annual:					
1962.....	829	422	51	2,476	17
1963.....	892	538	60	2,473	22
1964.....	1,043	682	65	2,473	28
1965.....	672	251	37	2,045	12
1966.....	668	158	24	1,929	8
1967 <u>1</u> /.....	683	189	28	2,076	9

1/ Preliminary.

Table 3.--Lard: Exports from specified countries,
average 1961-65, annual 1965-67

Country	Average 1961-65	1965	1966	1967
	Million pounds	Million pounds	Million pounds	Million pounds
United States.....	462	251	158	189
France.....	83	97	86	90
Netherlands 2/.....	121	62	73	77
USSR.....	48	49	76	75
Belgium and Luxembourg 3/...	28	63	42	48
Poland.....	18	12	60	35
Romania.....	2	4/ 9	4/ 40	4/ 46
Denmark.....	31	32	35	31
Bulgaria.....	4/ 16	4/ 22	4/ 36	4/ 31
Argentina.....	15	12	28	27
Germany, West.....	4	9	9	16
Italy.....	11	49	18	13
Sweden.....	6	5	6	5
Total 5/.....	845	672	668	683

1/ Preliminary. 2/ Includes lard processed from imported hog grease.

3/ Includes hog grease. 4/ Oil World. 5/ Includes an allowance for any missing data for countries shown.

Table 4.--Lard: Imports into specified countries,
average 1961-65, annual 1965-67

Country	Average 1961-65	1965	1966	1967
	Million pounds	Million pounds	Million pounds	Million pounds
United Kingdom.....	483	470	409	414
Cuba <u>2/</u>	90	68	99	93
Hungary.....	30	20	16	61
Belgium and Luxembourg <u>3/</u> ..	36	62	49	45
Czechoslovakia.....	28	12	<u>2/</u> 31	<u>2/</u> 30
Canada.....	21	21	28	24
Yugoslavia.....	10	<u>4/</u>	5	<u>2/</u> 24
Mexico.....	8	<u>5/</u> 11	<u>5/</u> 15	<u>5/</u> 15
Germany, West.....	37	19	14	14
Bolivia.....	19	<u>6/</u> 16	<u>6/</u> 14	<u>6/</u> 13
Netherlands.....	2	5	2	9
Japan.....	15	11	8	8
Hong Kong.....	9	4	4	5
Peru.....	18	2	3	<u>5/</u> 2
USSR.....	27	37	6	--
Others.....	21	12	13	44
Total <u>7/</u>	854	770	716	801

1/ Preliminary. 2/ Oil World. 3/ Includes hog grease. 4/ Less than 500,000 pounds. 5/ U.S. exports. 6/ Netherlands exports. 7/ Includes an allowance for any missing data for countries shown.

Table 5.--Lard (including rendered pork fat): U.S. exports by
country of destination, average 1961-65, annual 1965-67

Country of destination	Average 1961-65	1965	1966	1967
	Million pounds	Million pounds	Million pounds	Million pounds
United Kingdom.....	363	203	100	134
Canada.....	17	13	19	16
Mexico.....	10	11	15	15
Haiti.....	7	6	7	6
Germany, West.....	15	4	3	4
British Honduras.....	2	3	3	3
Panama.....	3	3	2	2
Peru.....	2	1	1	2
Belgium.....	1	<u>2/</u>	2	1
Japan.....	1	3	1	1
El Salvador.....	1	<u>2/</u>	<u>2/</u>	<u>2/</u>
Bolivia.....	6	<u>2/</u>	<u>2/</u>	--
Czechoslovakia.....	3	--	--	--
Yugoslavia.....	6	--	--	--
Others.....	25	2	5	5
Total.....	462	251	158	189

1/ Preliminary. 2/ Less than 500,000 pounds.

Table 6.--Lard: French exports by country of destination,
average 1961-65, annual 1965-67

Country of destination	Average 1961-65	1965	1966	1967
	Million pounds	Million pounds	Million pounds	Million pounds
United Kingdom.....	41	69	66	59
Belgium and Luxembourg.....	23	21	10	11
Hungary.....	2	1	1	6
Reunion.....	5	4	5	5
Cuba.....	2	--	1	3
Germany, West.....	4	1	2/	2/
Others.....	6	1	3	6
Total.....	83	97	86	90

1/ Preliminary. 2/ Less than 500,000 pounds.

Table 7.--Lard 1/: Netherlands exports by country of destination,
average 1961-65, annual 1965-67

Country of destination	Average 1961-65	1965	1966	1967
	Million pounds	Million pounds	Million pounds	Million pounds
United Kingdom.....	6	10	21	38
Bolivia.....	9	16	14	13
Japan.....	14	9	6	6
Chile.....	3	4	3	4
Portugal.....	2	5	3	4
Germany, West.....	13	7	2	3
Cuba.....	36	1	17	2
Hong Kong.....	6	2	2	2
Belgium and Luxembourg.....	1	3	2	1
Peru.....	14	3/	3/	3/
Hungary.....	7	2	3/	--
Others.....	10	3	3	4
Total.....	121	62	73	77

1/ Includes lard processed from imported hog grease. 2/ Preliminary.
3/ Less than 500,000 pounds.

Table 8.--Lard 1/: Belgium and Luxembourg exports by country of destination, average 1961-65, annual 1965-67

Country	Average 1961-65	1965	1966	1967 <u>2/</u>
	Million pounds	Million pounds	Million pounds	Million pounds
United Kingdom.....	18	54	38	33
Germany, West.....	3	--	--	6
Cuba.....	7	7	--	5
Others.....	--	2	4	4
Total.....	28	63	42	48

1/ Includes leaf lard and hog grease. 2/ Preliminary.

Table 9.--Lard: West German exports by country of destination, average 1961-65, annual 1965-67

Country	Average 1961-65	1965	1966	1967 <u>1/</u>
	Million pounds	Million pounds	Million pounds	Million pounds
United Kingdom.....	<u>2/</u>	<u>2/</u>	4	6
Belgium and Luxembourg.....	2	8	5	5
Netherlands.....	1	1	<u>2/</u>	3
Others.....	1	--	--	2
Total.....	4	9	9	16

1/ Preliminary. 2/ Less than 500,000 pounds.

Table 10.--Lard: Danish exports by country of destination, average 1961-65, annual 1965-67

Country of destination	Average 1961-65	1965	1966	1967 <u>1/</u>
	Million pounds	Million pounds	Million pounds	Million pounds
United Kingdom.....	17	24	28	22
Germany, West.....	4	3	4	4
Hungary.....	5	2	--	2
Poland.....	2	--	--	1
Czechoslovakia.....	2	--	<u>2/</u>	--
Others.....	2	3	3	2
Total.....	32	32	35	31

1/ Preliminary. 2/ Less than 500,000 pounds.

Table 11.--Lard: USSR exports by country of destination,
average 1961-65, annual 1965-67

Country	Average : 1961-65 :	1965 :	1966 :	1967 ^{1/}
	Million pounds	Million pounds	Million pounds	Million pounds
Cuba.....	30	42	45	--
Czechoslovakia.....	6	7	27	--
Others.....	12	--	4	--
Total.....	48	49	76	75

^{1/} Preliminary, breakdown by country of destination not available.

Source: Oil World.

Table 12.--Lard: United Kingdom imports by country
of origin, average 1961-65, annual 1965-67

Country of origin	Average : 1961-65 :	1965 :	1966 :	1967 ^{1/}
	Million pounds	Million pounds	Million pounds	Million pounds
United States.....	374	257	119	163
Belgium.....	34	108	102	93
Romania.....	1	6	37	43
Netherlands.....	8	13	22	27
Denmark.....	17	24	28	22
Poland.....	8	11	40	22
France.....	24	18	17	16
Germany, West.....	7	4	11	13
Bulgaria.....	^{2/} 4	--	4	8
Sweden.....	4	5	5	4
Switzerland.....	^{2/} 4	--	4	1
Italy.....	4	21	16	1
Others.....	2	3	4	1
Total.....	483	470	409	414

^{1/} Preliminary. ^{2/} Less than 500,000 pounds.

Table 13.--Lard: Supply and distribution in the United Kingdom,
annual 1960-67

Item	1960	1961	1962	1963	1964	1965	1966	1967
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Supply:								
Domestic production.....	20.2	22.4	22.4	22.4	23.3	23.1	23.7	24.4
Imports.....	453.1	383.9	443.5	499.3	605.5	472.2	408.6	413.9
Total.....	473.3	406.3	465.9	521.7	628.8	495.3	432.3	438.3
Distribution:								
Use in margarine and compounds.....	119.8	80.2	143.8	193.3	258.1	172.9	72.4	58.7
Exports.....	---	---	---	---	---	---	---	---
Consumption.....	335.1	313.6	317.6	320.5	332.6	363.8	368.4	372.0
Stock change.....	+ 18.4	+ 12.5	+ 4.5	+ 7.9	+ 38.1	- 41.4	- 8.5	+ 7.6
Total.....	473.3	406.3	465.9	521.7	628.8	495.3	432.3	438.3

Table 14.--Principal foreign suppliers percentage share of total U.K. imports,
annual 1960-67

Supplier	1960	1961	1962	1963	1964	1965	1966	1967
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
United States.....	78.3	76.5	77.3	86.0	89.2	54.5	29.0	39.4
EEC.....	16.9	16.1	13.8	9.5	8.2	35.0	41.0	36.0
Others.....	4.8	7.4	8.9	4.5	2.6	10.5	30.0	24.6
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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